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Senate Rejects Alpine Lease, Killing Trash-To-Energy Plan

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By a 13-2 margin, the V.I. Legislature voted Wednesday to turn down AEG Bovoni's lease for a St. Thomas refuse-derived-fuel plant, effectively killing plans for a waste-to-energy plant and a similar refuse-derived-fuel plant on St. Croix.

The end of the waste-to-energy plan eliminates the plan the V.I. Waste Management Authority had for disposing of St. Croix trash after May 31, when trash will no longer be accepted at the Anguilla landfill.

The Federal Aviation Administration has threatened to take punitive measures, including possibly decertifying St. Croix's Henry E. Rohlsen Airport, if the landfill, which it regards as a hazard to planes, remains open.

This is the second time the AEG lease has come before the V.I. Legislature for consideration. The V.I. Water and Power Authority and V.I. Waste Management Authority signed agreements with AEG Bovoni in 2009 for AEG to build trash processing facilities on St. Croix and St. Thomas, and to make refuse-derived-fuel (RDF) pellets to feed trash-to-energy plants it would also build on St. Croix and St. Thomas.

Petroleum coke, at about a tenth the cost of fuel oil, would have boosted the power output, and plans initially called for a 32 megawatt plant on St. Thomas and a 16.5 megawatt plant on St. Croix, but in the face of stiff environmental opposition, the V.I. Legislature voted down a lease for the St. Thomas RDF facility in March of 2010.

Senators and residents objected principally to using the very inexpensive, but potentially dirty petroleum coke as a fuel.

The Legislature had to act because the St. Thomas property is government-owned. The St. Croix plant was planned for private property located on the island's southern shore.

Several senators who voted against approving the lease said they were not necessarily absolutely opposed to the project, but were concerned that AEG was asking for a credit support bill, guaranteeing it would either get enough trash to power the plant, or the V.I. Government would make up the difference in cash, enabling it to purchase fuel.

AEG officials have said the credit support was necessary to allow it to get financing for the more than \$200 million project. But it would also put the government on the hook for as much as \$20 million a

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year, if it failed to produce enough trash. And senators had not yet seen all the details of the credit support bill, which has yet to be submitted to the Legislature.

"I think before we consider the lease, we should at least have the credit support bill in front of us," said Sen. Neville James, who said he opposed AEG's original proposal but was otherwise inclined to support the new, reworked plan.

Sen. Usie Richards said the lack of details concerning the credit support bill was a concern for him as well, as did Sen. Shawn-Michael Malone.

"I really sympathize with Alpine folks and the work they have been doing," Malone said. "But we really need to be careful with these things and take our time. ... We may have to vote it down today and bring it back another time."

Sen. Craig Barshinger said he was voting against the lease because he needed to analyze the proposal more thoroughly. "My no vote is not from anything [Alpine] did," Barshinger said. "I needed the help of legal counsel and since I didn't get it I must vote no."

Several senators raised concern that appeared to contradict the available information about the project.

Sen. Alvin Williams said he objected to "putting smokestacks in Bovoni," and said the technology has "only been licensed in one state," and so should be viewed with caution.

AEG's plans do not call for a trash-burning plant in Bovoni – just a trash processing facility to make fuel for the trash burning plant planned for St. Croix. During hearings on the lease in December 2011, V.I. Energy Office Director Karl Knight testified there are already 11 waste-to-energy facilities in the United States utilizing refused-derived fuel as a feedstock, using "essentially the same technology."

"The exact technology proposed by the Alpine Energy Group is presently in use on the island of Aruba," Knight testified.

Sen. Nereida "Nellie" Rivera-O'Reilly opposed the lease and the project on several grounds. She said she objected to AEG leasing property from St. Croix Renaissance Group because Renaissance Group has requested to hire private ships to guide barges in and out of its port operations, which she finds insulting to the U.S. Virgin Islands.

Rivera-O'Reilly also said she does "not believe the assertion that it will be of no cost to the government."

Water and Power officials have testified the plant would have only a small impact on utility rates. But because a trash-to-energy plant would reduce oil consumption, any rise in oil prices would increase savings for consumers rather than eliminate them.

Sens. Alicia "Chucky" Hansen and Janette Millin-Young both argued that it was unfair for AEG to bill for processing the territory's trash, and then to bill again for the power it generates burning the refuse-derived fuel.

During hearings in December, WAPA Executive Director Hugo Hodge Jr. addressed that concern, saying the fees were for actual services AEG would be providing, and that it would ultimately save the territory money.

"There is a cost to disposing of the trash regardless," Hodge said, "whether we ship it off-island or whatever we do."

"And we have to provide power to residents. And if we can purchase it for 14 cents per kilowatt hour, that is a cost savings to the consumer," Hodge said.

Sens. Ronald Russell, Patrick Hill and Carlton "Ital" Dowe all argued for approving the lease, emphasizing the need to close the territory's landfills and the efforts AEG has made in reworking the plan to eliminate the use of petroleum coke.

After the vote, Waste Management's attorney Iver Stridiron said the authority would continue with plans to close the Anguilla landfill. "The transfer station will be completed and we will then bale and wrap trash," Stridiron said.

"If there is no new plan, we will use the bales to build the slope to help close the landfill. Then we will have to determine what to do with the trash," he said.

Building a new landfill or shipping trash out of the territory would be expensive, Stridiron said, adding that shipping the trash may be difficult to arrange as some communities may object to shipping in trash from overseas.

Voting to approve the lease were Russell and Hill. Voting against it were Barshinger, Dowe, Hansen, James, Malone, O'Reilly, Richards, Williams, Millin-Young, Sens. Terrence "Positive" Nelson, Sammuel Sanes, Patrick Sprauve and Celestino White.